

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Regular Meeting

September 10, 1964
10:00 A.M.

Council Chamber, City Hall

The meeting was called to order with Mayor Palmer presiding.

Roll call:

Present: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Absent: None

Present also: W. T. Williams, Jr., City Manager; Doren R. Eskew, City Attorney; Reuben Rountree, Jr., Director of Public Works; Robert A. Miles, Chief of Police

Invocation was delivered by REVEREND GENE DYE, Central Christian Church.

MR. CONWAY TAYLOR, President, Austin Real Estate Board, which is comprised of 154 realtors, brought before the Council a resolution which he said expressed the feeling of these 154 realtors, their 352 associates, and some 30 affiliates in associative practices. He read the document which set out that the Real Estate Board, being vitally concerned of their obligation to the public and to the fulfillment of their representing the public in all their real estate transactions, requested the Council to consider the existing tax structure and the manner in which tax valuations were determined on real property and to rescind all 1964 tax increases on existing homes and limit increases on non-residential property (to include lots and unsubdivided land) to reflect a tax valuation based on realistic market value; and endorsed the suggestion that the City Council would appoint a committee for investigation and recommendations for guidance in the determination of the monetary requirements for the City for sources other than taxes levied against real property.

MAYOR PALMER wanted to make a few comments concerning this tax matter, stating if this were the feeling of the Real Estate Board, he wanted to invite it, and suggest and even urge it to take a positive stand in relation to property taxes so far as the City of Austin and many other municipalities were concerned. He read from the American Municipal Association Recommendation - their 1964 Policy statement on financing municipalities, taxation and bond policies pointing out that municipalities, to provide effective governmental services, must have access to adequate tax resources; and since most municipal tax revenue comes from the property tax, improving property tax administration is of the utmost importance. The very structure of the property tax details as to its nature, administration, exemptions, etc., is embedded in State Constitution, Statutes and regulations. Only the states can take the necessary initial steps. Mayor Palmer said if this group would have checked with their attorneys, they would have been told what they had requested was illegal and just could not be done;

and that he could quote many, many different cases where most of the recommendations that had been suggested were entirely illegal and would completely invalidate the tax rolls of the City of Austin. The Mayor said since this group had stated that it represented the public in some of their real estate values, that he would recommend specifically that it work with other municipalities, and with its municipal people who are interested. Legislation had been submitted to do away with the property tax on automobiles. He pointed out the American Municipality Association urged that States:

- (1) Rid their property tax law of provisions that could not be reasonably and equitably administered;
- (2) Remove from constitutions all details concerning day to day administration of the property tax that more property belonged in statutes and administrative regulations;
- (3) Reappraise all regulatory and partial tax exemptions based on assessed evaluations, eliminate those that are not consistent with sound policy and adjust any that are retained so as to relate them to equal as values based upon assessment ratio studies;
- (4) Keep the public informed of the nature of tax exemptions by requiring regular assessment of the tax exempt property and publication of the findings;
- (5) Reimburse local communities for the amount of tax loss resulting from state imposed tax exemptions to provide welfare aid to advance undertakings for social and economic reform and to reward public service.

Mayor Palmer pointed out some municipalities found it necessary to levy income, sales, exise, or other non-property taxes to finance an adequate level of services from their own resources without pushing property taxes to uneconomic levels.

Referring to recent publicity, Mayor Palmer said the City had been charged with being concerned about raising property taxes high enough to adopt a Budget. He urged the Real Estate Board, the Home Owners Committee, the Home Builders, and those who know, that the initial step, rather than leveling complaints and criticism against the City Tax Department, the City Council, or the City Administration, to take the initial step to correct the state law. He repeated that property tax laws were controlled by State Regulations, State Constitution, and State Statutes; also by the City Charter which sets out procedures as to how this should be done. Again referring to publicity, the Mayor stated the Charter was not voted on by the "ignorant masses", but was voted on by good, honest, Austin people who asked that these procedures be put in the Charter to protect against the few who would want favorite tax treatment. He asked the group to do something real constructive about trying to do something about property taxes, and to please inform itself and investigate to see what could be done.

MAYOR PALMER said he had stated, and with permission of the Council, that some of the statements that were given wide publicity and some of the letters that had been given wide circulation, would be answered today. He said each Council Member received three recommendations on a tax reform program, and all three points could not be done legally because procedures are already set up as to how they should be done. He again asked the group from this point on to investigate and all try to bring about some of these changes at the level in which they must start.

Referring to the statement made "that all property should be frozen, and no increase should be given above 10% on non-residential property and that the trend of the Tax Department was to always raise taxes and create additional revenue," Mayor Palmer reported that land values, other than new subdivisions and annexations in the quarter of the City that was reappraised this year, were increased approximately 3.8 million dollars, while buildings in the same area were reduced 5.6 million dollars in recognition of accrued depreciation. He reported there were 69,000 parcels of property in the taxing district in the City; and although he did not know how many appeals had been filed with the Equalization Board that in most cases it runs around 300 or 400 property owners of the 69,000 parcels of property. Since the Equalization Board had not completed its report to the Council, no comment was made on any specific protests that are pending before the Board.

The Mayor said everyone would wholeheartedly endorse the idea that Austin should have the finest schools in the State of Texas, and that they would want the City to have the best Fire Department, Police Department, and Hospital.

He gave statistics of educating one child, using the example that was publicized, of a house of \$9950.00 with a total tax of \$179.00 (City and School) and showed a total in operation to educate a child through the high school years of \$4,575.00. For the gentlemen who was paying the \$179.00 a year total tax, it would take 24 years of taxes for him just to pay for that one child's education. This would be throwing in police, fire and hospitalization protection, and it does not include the building to house the students. From the local sources, from the City taxes, the cost would be \$2163.00. Splitting the taxes, where there is \$1.15 of the City and \$1.21 for Schools, if 51.3% of \$179.00 is figured, it would take 24 years to just simply pay back the direct cost of teaching that child.

The Mayor reported the general property taxes for government purposes including prior years assessments, delinquent accounts and penalties were \$5,033,890. Fire and Police costs are \$4,783,950; the excess of costs over charges made at Brackenridge is \$1,397,780 totalling \$6,181,730.00 against all of the property in Austin which produces only \$5,033,890.00. He said the City was now being accused of raising values in order to meet a budget and this amount is less than one-third of the total budget coming from general property taxes.

Noting another charge that was made, that "city evaluations are entirely too high and out of line with drastic downward trends in value of single family homes, and that you should go to ten real estate brokers and get from each, names and addresses of ten recent sales to compare with the City evaluations," the Mayor read from the Texas Constitution Article 8, Section 20 in that no property of any kind in this State should ever be assessed for ad valorem taxes at a greater value than it's fair cash market value; nor shall any Board of Equalization of any governmental or political subdivision or taxing district within this State, fix the value of any property for tax purposes at more than its fair cash market value. The Mayor said if any property owner in the City would list his property with ten real estate brokers at the City's assessed valuation; and if he can not sell it at that assessed valuation, then as far as the Board of Equalization and City Council were concerned that would be taken into very, very serious consideration in appraisal of the property.

Mayor Palmer discussed a request that was made during a morning session before about 50 persons for a "moratorium on tax values on raw land to the north of Austin, to give owners more time to protest, as the valuations had been doubled, tripled, and quadrupled". The Mayor stated this would have to be done in all parts of Austin if it were done in one part, and he believed the request really was that there was not enough time for them to build up their information. He stated the Board was still in session, and the Council would hear appeals up to approximately the time it had to finally close the rolls and adopt the Budget which would be somewhere around September 27th. He invited anyone that had information that these property values were out of line, to appeal, and said he as one member of the Council would be happy to hear them right up to the very last minute before the Council has to finally close the rolls. He discussed briefly the appraisal on raw land areas immediately adjacent to the City. He realized it was difficult to put a true actual market value on the raw land, as it depends on its use and other things. Councilman Long stated it depended on whether the owner wanted to sell it or whether he wanted it for tax purposes. Mayor Palmer pointed out the examination of sections every four years, and some of the property changes very rapidly. Perhaps some of these increases that are being talked about as quadrupling, should have been made two or three years ago. Criticism comes either way, whether the increase is made at one time, or if as the values increase. The taxes are increased, and then it is said they are increased every year.

The Mayor said the statement was made, and he believed they had answered in the tax reform letter about "the creation of the new tax revaluation committee and urged the Council to direct the Tax Department away from its emphasis on increasing evaluations and towards searching just as diligently to meet the true market by lowering valuations." From the information made from the Tax Department, that statement would certainly have no validity because the values were lowered by some \$3,000,000 over what were increased. The Mayor referred to publicity ".... got frequent rounds of applause as he pleaded for tax fairness to everybody including GIs, Latins, and Negroes. He said more people had not protested tax values because they don't know procedures, have to work and can't appear, can't pay a lawyer, and don't have time to run around City Hall. He said taxes went up to coincide with the bond issue." Mayor Palmer called that statement a very scurrilous statement, completely false with not an ounce of truth in it, and they have this type of statement leveled at the City. The Mayor said no memorandum was made on the tax notices whether the owners are GI's, Latins, Negroes, or old Swedes, Whites or what. This was a direct slam and he just could not appreciate that kind of statement. As to the statement that the tax values went up to coincide with the bond issue the Mayor pointed out two separate distinct functions--the Tax Department's responsibility and duty is only to see that property is valued at a fair market value and that they are equal. It has nothing to do with the amount of the budget and had absolutely nothing to do with the amount of the bond issue. The Department simply tries as best as possible to evaluate all parcels of land in the City of Austin on the fair market value and on an equal basis. He stated the budget hearing would be held next week, and he urged and urged the people to come up; yet when the public hearings are held, there is not one person up before the Council. Councilman Shanks said there were two last year. The Mayor asked the group, if it were interested and concerned about its City, to get this information; but it would be up to the Council to determine what tax rate it will take, based on valuations to provide the services that the people ask the Council to provide. He wanted to emphasize again that total property tax produces not even quite enough revenue for three departments--the Fire, Police and the Hospital. The Tax Department was not responsible for raising values so that the Council could adopt the Budget.

Mayor Palmer said many of the finest citizens in the City of Austin made many speeches at many clubs, and their word could be taken when they told the people that the bond issue which the City proposed would be financed out of new property valuations that would be added to the rolls. When anyone can see where --an overall reduction was made in the area that was reappraised, how could anyone say that was tied, into the bond issue. On property outside of the City that is being valued strictly for school taxes on which the City of Austin does not receive one dime, how could anyone say that this could possibly affect the bond program. The article said a Board Member had stated the "Committee could do nothing about policy and asked at what price he valued his home." He gave no value and went on to say "with taxes so high as to kill interest in owning homes, Austin is a sick, sick city". The Mayor referred him to the Bureau of Business Research at the University of Texas, saying a City that had \$80 million dollars worth of construction; a city that had the highest per capita building of any city in the state; a city whose retail sales were among the top in the state was not a sick, sick city.

Another charge was challenged by the Mayor, "the problem is not altogether high taxes but whether the City is spending too much money. He said he feels strongly the 'ignorant masses' voted for the recent bond issue because they were told the tax rate would not go up; but that's nothing compared to going up \$500 or \$1,000 on property values". The Mayor said this was a very, very terrible indictment on the fine citizens of Austin to say that the masses of our people are ignorant. In contrast, the Mayor said it was the informed, honest-to-goodness citizens who voted an intelligent ballot when they voted for that bond program because it was explained accurately to them, in detail, and carried by a very, very high ratio.

Quoting another charge, "drew applause when he recited 'the power to tax is the power to destroy'". He said there could be no real relief until there is a change in the City Charter to give the Council more power. He said his tax valuation was cut \$100, but maybe, that was a 'slip' in the Tax Department". The Mayor said certainly there was no slip that this valuation was reduced. It was done on the very systematic basis that is being practiced in the Tax Department continuously on revaluation on property and permitting the property taxes to reflect the depreciation and determination. The Mayor stated he did want to answer these charges, since they had received so much notoriety both through the press, radio and television and through a mass flooding of letters. In spite of all of this, he emphasized again and urged this group to form a committee to try to study on an intelligent and informed basis just what could be done legally; and what must be done in order to straighten out some of the statutes and some of the constitutional provisions pertaining to the property tax; and if the group would work hard toward that end, he for one, would be forever grateful. Mayor Palmer said he was not advocating here today, but wanted to call one point to attention, and that is, many cities are exploring the possibility of sales taxes, income taxes, excise taxes, etc. He just wanted to throw this thought out; that last year the gross sales in the City of Austin were some \$264,000,000 on which the State of Texas collected the sales tax. A one cent sales tax would produce \$2,640,000 which is more than half of all the property taxes that are levied in the City of Austin today. He asked the group again to check the Charter, check the State Laws, check the Texas Constitution, and find out where their start is on this, stating he believed they would find that many of the municipalities, in spite of the accusations leveled at them, are just as concerned about this tax matter as this group, as an individual property tax owner, or as a tax payer. He asked the other members of the Council for any comments they might have to make.

COUNCILMAN LARUE said it seemed the Mayor pretty well covered all the points, but his opinion in the matter was, after going through about eight pages that were mailed to each member of the Council and to other citizens in Austin, that there was no answer to these questions. Many of them were questions of fact, questions of law and also questions of policy. An overall answer could not be given to all of the questions and suggestions that were put to the City Council here. He believed the Council should investigate it; and if there are any inequities, they should be corrected. He said he, for one, would do his best to see that they were; but it would take time, and he intended to answer each one of these to the gentlemen who sent this to him, paragraph by paragraph.

COUNCILMAN LONG stated all taxes should be fair and equal and rendered on a fair and equitable basis, and that is what the City is trying to do. If there are inequities, that is the reason there is a Board of Equalization and an appeal to the Council, and that is certainly the way that they should be handled. When an overall large segment of the City is revalued in a particular year, naturally there will be a few mistakes, and they should be brought to the City; and if the overall increases or decreases are wrong, then that should be brought to the Council's attention too. She appreciated the group or committee presenting the Council those facts where they felt there were inequities, and she appreciated a public hearing on this, because it was only in this way that these truths and dissatisfactions could be obtained and an effort be made to try to resolve them. She said she did not think the Mayor was advocating a sales tax for the City, that he was just pointing out ways that if the Constitution and State Law were changed that other sources of revenue could be looked into. She said she would certainly oppose a sales tax very definitely. Any of these cases that are appealed to the Council she said she would give them all the attention she could; and if there were inequities, she would be the first to vote for adjustment.

MAYOR PALMER said he was not advocating a thing. He said every member of the Council was aware that one statement said that the mass of the people does not know the procedure. Every member of the Council knows that if there are any persons who want to complain about their taxes, they will call one of the members of the Council. The procedure is simple--just a phone call to a Council Member will get one straightened out on that.

COUNCILMAN SHANKS said he wished to corroborate everything the Mayor said 100% as he stated it just exactly right; but before he had any further comment he said he would like to hear some more comments from these gentlemen who were here to discuss it.

COUNCILMAN WHITE said he, too, agreed with everything the Mayor had said, and he did not see how anything could be done about it right at this time.

Councilman Shanks moved that MR. CONWAY TAYLOR be heard. The motion was seconded by Councilman LaRue. Roll call showed a unanimous vote.

MR. TAYLOR expressed appreciation to the Mayor for his comments with regard to real property taxes, and said this would be returned to the Austin Real Estate Board, and that the Real Estate Board was not in support or in agreement, or in disagreement with the Home Owners Committee; it did not represent that, and he wanted that clarified, as President of the Austin Real Estate Board, which have their individual feelings about that, and that is not the intent of their resolution. He said individual cases could be brought up before the Board of Equalization. Mr. Taylor expressed no intent of violating the State Charter. Their recommendation was based on a market situation existing which is a buyers' market and which does not indicate tax value increases. That is the stand the Real Estate Board wishes to make. The Mayor explained that valuations unfortunately did not follow concurrently on the upward market anymore than they followed on the lower market, but it must be the value as of January 1 of the particular year. Mr. Taylor pointed out the second recommendation in that he would be happy to be the first in the Austin Real Estate Board to serve or to help with this committee stating there are other sources available; and if it takes the sales tax, or income tax to properly distribute the responsibility of the public to the support of schools, playgrounds, and parks, he would be for that. He stated, in answer to Councilman Long's inquiry if he were speaking for the Board, that he was speaking personally in this particular capacity as a citizen, and he spoke as President of the Austin Real Estate Board in the light of their resolution of the current market situation which they represent to the buying public not just in Austin, but throughout the nation.

Councilman LaRue moved that MR. JOE CROW be heard. The motion was seconded by Councilman White. Roll call showed a unanimous vote.

MR. CROW represented himself and a group in excess of 40 to appear before the Equalization Board, and he wanted to emphasize that there was never any mention made at all that there was any connection between this tax matter and the recent bond issue or the City budget. He particularly commended the City Council for all of the earnest work it does. He appeared as Co-Chairman with Francis Scott, before the Equalization Board in regard to acreage outside the City limits. Although there was some argument with the City Tax Department, it was stated this group felt the City Tax Department was just as earnest and sincere as they were and were trying to do their job well. He expressed regrets that in some of the meetings that conversations of an irritating type did arise. He distributed copies of a letter which he read in part stating it was their sincere desire to help in assisting in this challenging problem of taxation, and not to make senseless and irritating criticism. They thought it imperative that a search light be turned on the taxing procedures in order to maintain a healthy desire for real estate ownership and development; and that profitable real estate development and economical home ownership was the greatest interest in the City. The Mayor expressed appreciation, stating the Council and every City Administrator welcomed constructive criticism. He did not like "splatter shots" but welcomed specifics as was pointed out in good constructive informed criticism. Mr. Crow read the final paragraph stating with regard to specific cases before the Equalization Board, a number of specific interests were presented to the Board on acreages showing valuations doubled or more. Since the raises were generally large, it was felt that general action would be asked of the Equalization Board. They were not suggesting that specific inequities be distorted, but that the general treatment be applied where there was no change in the relative value between the

individual properties. If the Board's opinion is that the market value authorizes such treatment, they hoped that the Board would make adjustments and that it would not be necessary for anyone to appeal to the Council.

Councilman LaRue moved that MR. AMOS HEROLD be heard. The motion was seconded by Councilman Shanks. Roll call showed a unanimous vote.

MR. HEROLD appreciated the Council's invitation to come to the public hearing. He reminded the Council that the Management in some cases is so economical that it has provided only one copy of the proposed budget for the citizens of Austin. If that same economy were applied throughout the City there would be a big balance. He noted the general cost of operating the government in the last two years, according to the budget, had increased by \$3 million dollars. He discussed the amount it took to operate the City Hall, which took six janitors to sweep out the floors.

Mayor Palmer stated a tax study and comparison was made by an independent firm, a large state taxpayer that operates in all of the 12 largest cities of Texas, and this study was made on a basis of what is called the weighted average. He explained the different taxes--some cities use 75% market value, some 50%, some 65%; some have hospital taxes, or drainage and canal taxes, but the weighted average of all are taken, and the adjusted tax rate per \$100 valuation out of the 12 leading cities, and the City of Austin, seven are higher than Austin and four are lower than Austin. On the per capita tax levied for 1963; eight cities out of these 12 are higher than the City of Austin. When taxes are compared with other cities, and remarks are made that it would be cheaper to live in some other town, the Mayor reminded that this is not according to information that had been gathered by the City, or by any tax assessor or any Chamber of Commerce, but by a big industry that operates in every one of these cities, and it had gone in on its own study and had made that calculation. He stated in spite of what everyone may sometimes think, Austin has a fair, fair tax rate compared to other cities in the State of Texas.

COUNCILMAN SHANKS expressed appreciation for criticism; but by the same token, he wished to criticize the methods that had, in this particular case, been used by some to try to correct a possible mistake. That method is by some people's trying to get out and inflame the public by erroneous statements that fallacies and misstatements of purported facts.

Councilman Shanks pointed out the great difficulty in getting someone to serve on the Board of Equalization, stating two years ago he spent \$400 or \$500 of his money in long distance calls trying to get people who were on vacation and out of town, to serve on the Board of Equalization. He said he personally contacted 40-50 people asking them to serve. He said some people in the room now were asked to serve on the Board. One citizen, worth over a million dollars, declined to serve on the Board when he found out how much it paid. Councilman Shanks stated if public participation on an important board like this could not be obtained, and then there is criticism as to what this particular board has done there is a lack somewhere on the part of individuals to assume the responsibility of their part of the government. If all wanted to participate in this, they would answer the call to these things when asked to participate, even if they had to take the time like some of the rest of the people did.

MR. HERBERT SMARTT said he represented a group of property owners at the hearing before the Equalization Board, and was noted that none of the quotes made in the paper were attributed to him; that he did not want to leave any impression he was criticising. He agreed with Councilman Shanks on some of the methods that had been reported in the news media. If one had facts and suggestions that would be helpful they should bring them forward, and Mr. Smartt said there was only one fact question and that was valuation--the rest being purely political propoganda to bring pressure on the Council. He said the Tax Department was busy with 65-67,000 pieces of property each year; and what is being discussed is a mere handful-possibly 100 pieces. There will be inequities, and those individual cases could be pointed out without having to go into dissertation of this cost.

Councilman LaRue moved that MR. MORRIS MOORE be heard. The motion was seconded by Councilman Long. Roll call showed a unanimous vote.

MR. MOORE was under the impression that the tax valuations should be set by the Board of Equalization--not the Tax Department; and that the Board was supposed to check every piece of property--not just to hear complaints. He suggested breaking the Board into units so that it could do what it was supposed to do--raise property they find is not high enough, as well to lower property. The City Attorney explained the State Constitution, Statutes and Charter and how the Board operates in that it sees that the same criteria is used for the valuation of all properties in the City, and that none is valued above the fair cash market value. MR. MOORE commended the Tax Department highly stating it was doing a good job, and it is the only tax unit in this area that is doing a decent job. The only protection the citizen has from the Tax Assessor is the Board of Equalization, and there is not enough emphasis put on that Board. It was his suggestion that there be more than one Board.

Later in the meeting Mr. Moore appeared again and Councilman LaRue moved that MR. MOORE be heard. The motion was seconded by Councilman Long. Roll call showed a unanimous vote.

MR. MOORE stated after the tax meeting ended, several members expressed interest in his suggestion of having more than one Board of Equalization. He asked for a legal opinion from the City Attorney whether it is possible or not or what would have to be done to make it possible. The Mayor stated they would ask the City Attorney to look into the matter, and give a report next week; and that the Council would explore Mr. Moore's suggestions.

Pursuant to published notice thereof the following zoning applications were publicly heard:

SHERMAN L. ALLEN	5810-5812 Manor Road	From "C" Commercial 6th
	2807-2809 Sweeney Lane	Height and Area
		To "C-1" Commercial
		6th Height and Area
		RECOMMENDED by the
		Planning Commission

Councilman Long moved that the change to "C-1" Commercial 6th Height & Area be granted. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "C-1" Commercial 6th Height and Area and the City Attorney was instructed to draw the necessary ordinance to cover.

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J. E. ROBERTS, SR., ET AL, By Trueman O'Quinn	Tract 1 200-202 East 17th Street 1701-1705 Brazos Street	From "O" Office 2nd Height & Area To "C" Commercial 3rd Height & Area RECOMMENDED by the Planning Commission
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	Tract 2 204 East 17th Street	From "B" Residence 3rd Height & Area
	Tract 3 1707 Brazos Street	To "C" Commercial 3rd Height & Area
	Tract 4 1709 Brazos Street	RECOMMENDED by the Planning Commission
	Tract 5 1711 Brazos Street 201-205 East 18th Street	

Councilman Shanks moved that the change to "C" Commercial 3rd Height and Area be granted. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "C" Commercial 3rd Height and Area and the City Attorney was instructed to draw the necessary ordinance to cover.

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TRIGG FORISTER By W. H. Bullard	1202-1302 Koenig Lane	From "LR" Local Retail To "GR" General Retail RECOMMENDED by the Planning Commission
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Councilman Shanks moved that the change to "GR" General Retail be granted. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "GR" General Retail and the City Attorney was instructed to draw the necessary ordinance to cover.

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THE LUMBERMEN'S	Rear of 1116-1124 Colorado	From "C" Commercial
COMPANY, By Richard	Rear of 203-209 W. 12th St.	4th Height & Area
Baker	Rear of 1117-1123 Lavaca	To "C-1" Commercial
		4th Height & Area
		RECOMMENDED by the
		Planning Commission

Councilman White moved that the change to "C-1" Commercial 4th Height and Area be granted. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "C-1" 4th Height and Area and the City Attorney was instructed to draw the necessary ordinance to cover.

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HOLIDAY REALTY CO.	7901-7905 Lazy Lane	From "A" Residence
By Paul D. Jones	1316-1402 Anderson Lane	To "B" Residence
		NOT Recommended by the
		Planning Commission

MR. PAUL JONES represented the applicant, stating the request for zoning change was to permit the construction of a rest home for 48 elderly people, to be located on three lots on the corner of Anderson Lane and Lazy Lane. The construction would be a masonry building, with necessary off-street parking, and there would be a fence as a screen. This use would not create traffic. He pointed out the use was for a rest home, for people who would live there, and it would be their home, and the use would be compatible with a residential neighborhood. Mr. Jones pointed out other zoning uses in the area -- "GR", "C", "LR", "O" and "C-1", stating this "B" use would not be inconsistent with the established zoning in the area, as there was no fixed pattern. He asked that the Council zone this for the construction of a rest home. Opposition was expressed by MR. H.L. THOMASON 7808 Tisdale, preferring homes to be built there rather than a business; by MR. ERNEST BRADLEY, 7813 Lazy Lane, who also represented MR. SHEFFIELD, his neighbor and who did not want anything other than "A" residential homes in that area. This intersection is a school crossing and carries heavy traffic. MRS. BRADLEY stated this change would be spot zoning; the rest home would be operated for profit, and this tract could have three homes built on it, and there would not be as much traffic created by these homes as by a rest home. Mr. Jones stated there were 10 off-street parking places shown on the plans but there was adequate room for more parking. He said his clients would be willing to record a restrictive covenant to limit this to a rest home development. The Council wanted to make an on-site inspection of the tract and the area. Later in the afternoon meeting, the Council considered the request again. Councilman Shanks moved that the change

to "B" Residence be granted. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

The Mayor announced that the change had been granted to "B" Residence and the City Attorney was instructed to draw the necessary ordinance to cover.

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LOUIS A. JOSEPH 1000-1006 East 50th St. 1001-1007 East 51st St. 5001-5009 Harmon Avenue	From "A" Residence To "C" Commercial Amended to "O" Office NOT Recommended by the Planning Commission
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MR. HARRY VINE represented MR. LOUIS A. JOSEPH, stating this application had been amended from "C" to "O", but he requested that the application be amended to "LR". It was pointed out the "O" request did not receive a favorable recommendation. Mr. Vine described the area, and stated Mr. Gibson Randle's property just down the street from the location had been commercialized. Mr. Joseph wants to establish a retail store at this location, and in no wise contemplates a "C-1" operation. MR. M. W. WELLS, 937 East 51st Street called attention to a petition in opposition, and stated the application had not been recommended by the Planning Commission. Mr. Wells noted commercial property had been vacant for years, and there are a number for sale or lease. Traffic is a problem and the streets are inadequate. Councilman Long asked if when he circulated the petition if the people who signed it thought the zoning was to permit a liquor store. Mr. Wells stated they did not, but most of them were against "C-1". Councilman Long pointed out some commercial activities in the area. Discussion was held on the Randle zoning case at 51st and Interregional, and the arrangements made regarding the right of way. Mr. Vine said he was authorized to say that Mr. Joseph would set his building back. Councilman Long asked if Mr. Joseph would dedicate 15' for the right of way. Mr. Vine replied he had prepared him to dedicate 5', and the Planning Commission asked for 15'. Councilman Long asked if he were willing to dedicate 5' and work out the building line. The Council wanted to go look at this property and this area. Later in the meeting, Councilman Long moved that the change to "LR" Local Retail be granted with the stipulation that the City Attorney work out the set back line as was done in the Gibson Randle property. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "LR" Local Retail with the stipulation that the City Attorney work out the set back line as was done in the Gibson Randle property.

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EASTIN NELSON
By Ronald B. Zent

607-609 East 45th Street

From "A" Residence 1st
Height and Area
To "B" Residence 2nd
Height and Area
NOT Recommended by the
Planning Commission

MR. NELSON, representing himself, stated the two arguments in the Planning Commission, resulting in their not recommending this change, were that the zoning would be inconsistent with the zoning pattern in the area, and that there was inadequate right of way. The great depth of the lots makes for waste land in the rear. He said he was not opposed to the widening of 45th Street; but recently permits had been issued that would make it nearly impossible to widen 45th Street by more than 15'. Councilman Long inquired if Dr. Nelson would dedicate 10 or 15 feet. He stated he could not speak for his neighbors, and his house would have to be moved back. MRS. JOHN ANDERSON stated her property was between the construction on the east and the Nelson's property, and she saw no reason why one person could get permits to build apartments on the east, and yet her neighbor on the west could not get the same permission. Mrs. Anderson favored the change of zoning. The Mayor announced that the Council would go look at this property and the area. Later in the afternoon meeting, Councilman Long moved that the change to "B" Residence 2nd Height and Area be granted subject to the City Attorney's being able to work out the acquisition of the right of way that is needed. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the change had been granted to "B" Residence 2nd Height and Area subject to the City Attorney's being able to work out the acquisition of the right of way that is needed.

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RICHARD F. LANNERT 300 East 34th Street
By William J. Scudder 3401-3405 Grooms Street

From "A" Residence 1st
Height and Area
To "B" Residence 2nd
Height and Area
NOT Recommended by the
Planning Commission

Hearing on this zoning application was postponed until the following week.

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NASH PHILLIPS 3411-3425 Manchaca Road
By Bryant-Curington,
Inc.

From "A" Residence
To "GR" General Retail
NOT Recommended by the
Planning Commission

Councilman Shanks moved that Mr. Nash Phillips be granted permission to WITHDRAW the zoning application. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Councilman Long moved that the Council recess until 2:00 P.M., The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

RECESSED MEETING

2:00 P.M.

At 2:00 P.M. the Council resumed its business.

Mayor Palmer introduced the following ordinance:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A CERTAIN CONTRACT WITH L. RAY SAUNDERS, FOR THE APPROPRIATION OF MONEY PAID TO THE CITY OF AUSTIN UNDER SUCH CONTRACT; AND DECLARING AN EMERGENCY.

The ordinance was read the first time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its second reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the second time and Councilman Shanks moved that the rule be suspended and the ordinance passed to its third reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The ordinance was read the third time and Councilman Shanks moved that the ordinance be finally passed. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The Mayor announced that the ordinance had been finally passed.

The City Manager submitted the following:

"July 14, 1964

"TO: W. T. Williams, Jr., City Manager Subject: Contract Number 64-C-13

"Following is a tabulation of bids received at 10:00 A.M., Tuesday, July 14, 1964, for the construction of sidewalks, retaining wall, curb and gutter and guard known as Contract Number 64-C-13.

Maufrais Brothers	\$8,966.15
Joe Fuhrman	\$9,837.90
City's Estimate	\$8,220.80

"I recommend that Maufrais Brothers with their low bid of \$8,966.15 be awarded the contract for this project.

"S. Reuben Rountree, Jr.
 Director of Public Works
 s/ S. Reuben Rountree, Jr."

Councilman Long inquired who was paying for this. The City Manager stated bids were taken in July, and this had been held up until it was certain that all of the property owners were in agreement. Councilman White offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, bids were received by the City of Austin on July 14, 1964, for the construction of certain sidewalks, retaining wall, curb and gutter and guard, on San Jacinto Street and East 7th Street, known as Contract Number 64-C-13; and,

WHEREAS, the bid of Maufrais Brothers, in the sum of \$8,966.15, was the lowest and best bid therefor, and the acceptance of such bid has been recommended by the Director of Public Works of the City of Austin, and by the City Manager, Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the bid of Maufrais Brothers, in the sum of \$8,966.15, be and the same is hereby accepted, and that W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute a contract on behalf of the City, with Maufrais Brothers.

The motion, seconded by Councilman Shanks, carried by the following vote:
 Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
 Noes: None

The Council had before it a release of a blanket easement granted by W. R. Bird, et al, on a 300 acre tract of land north of town, a long strip that crosses the Missouri Pacific Railroad track. The City Manager said there was only one down guy line, and there are no utility electric lines crossing the area. The property will be subdivided, and as that is processed, the necessary easements would then be provided. The L.C.R.A. does have power lines, but they are in public rights of way or in the railroad right of way. After explanation by the City Manager, Councilman White offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, by instrument dated October 25, 1940, a blanket easement was granted the City of Austin, for electric utility purposes; and,

WHEREAS, the owners of the hereinafter described property have requested the City Council of the City of Austin to release the hereinafter described electric utility easement, and have granted to the City an easement described by metes and bounds at a satisfactory location; and,

WHEREAS, the City Council has determined that said blanket easement in, upon and across the hereinafter described property is not now needed and that the easement obtained at a definite location is entirely adequate for its needs; Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That W. T. Williams, Jr., City Manager, be and he is hereby authorized to execute a release of the following described blanket easement for electric utility purposes, to wit:

Being that certain blanket electric easement granted by W. R. Bird, et al to the City of Austin, dated October 25, 1940, filed for record October 28, 1940, and of record in Volume 659, Page 557 of the Deed Records of Travis County, Texas, reference to which is here made for all purposes.

The motion, seconded by Councilman Shanks, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Councilman Shanks offered the following resolution and moved its adoption:

(RESOLUTION)

WHEREAS, the Southwestern Bell Telephone Company has presented to the City Council tentative maps or plans showing the proposed construction of its underground telephone conduits in the streets in the City of Austin hereafter named and said maps or plans have been considered by the Director of Public Works; therefore;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

THAT the Southwestern Bell Telephone Company be and the same is hereby permitted to construct its underground telephone conduits in the following streets:

- (1) An underground telephone conduit in WEST 35TH STREET, from a point 1043 feet west of Jackson Avenue easterly 47 feet, the centerline of which underground telephone conduit shall be 30 feet north of and parallel to the construction centerline of said WEST 35TH STREET.

- (2) An underground telephone conduit in WEST 35TH STREET, from a point 30 feet north of the construction centerline of West 35th Street and 996 feet west of Jackson Avenue easterly 57 feet to a point 38 feet north of the construction centerline of West 35th Street and 939 feet east of Jackson Avenue.
- (3) An underground telephone conduit in WEST 35TH STREET, from a point 939 feet west of Jackson Avenue easterly 535 feet, the centerline of which underground electrical conduit shall be 38 feet north of and parallel to the construction centerline of said WEST 35TH STREET.
- (4) An underground telephone conduit in WEST 35TH STREET, from a point 38 feet north of the construction centerline of West 35th Street and 404 feet west of Jackson Avenue easterly 37 feet to a point 34.5 feet north of the construction centerline of West 35th Street and 367 feet west of Jackson Avenue.
- (5) An underground telephone conduit in WEST 35TH STREET, from a point 367 feet west of Jackson Avenue easterly to Jackson Avenue, the centerline of which underground telephone conduit shall be 34.5 feet north of and parallel to the construction centerline of said WEST 35TH STREET.
- (6) An underground telephone conduit in WEST 35TH STREET, from a point in the southerly prolongation of the west line of Jackson Avenue and 34.5 feet north of the construction centerline of West 35th Street easterly 58 feet to a point 26 feet north of the construction centerline of West 35th Street and 8 feet east of the southerly prolongation of the east line of Jackson Avenue.
- (7) An underground telephone conduit in WEST 35TH STREET, from a point 8 feet east of Jackson Avenue easterly 51 feet, the centerline of which underground telephone conduit shall be 26 feet north of and parallel to the construction centerline of said WEST 35TH STREET.
- (8) An underground telephone conduit in WEST 35TH STREET, from the point of intersection of a line 366.30 feet west of and parallel to the centerline of Jackson Avenue with a line 34.5 feet north of and parallel to the construction centerline of West 35th Street, thence S. 14° 04' W. 200 feet.
- (9) An underground telephone conduit in EAST 51ST STREET, from a point 782 feet east of the centerline of Berkman Drive easterly 667 feet, the centerline of which underground telephone conduit shall be 19 feet north of and parallel to the south property line of said EAST 51ST STREET.

- (10) An underground telephone conduit in EAST 51ST STREET, from a point 1449 feet east of the centerline of Berkman Drive and 19 feet north of the south property line of EAST 51ST STREET easterly 85 feet to a point 4 feet north of the south property line of EAST 51ST STREET and 1531 feet east of the centerline of Berkman Drive.
- (11) An underground telephone conduit in EAST 51ST STREET, from a point 1531 feet east of the centerline of Berkman Drive easterly 840 feet, the centerline of which underground telephone conduit shall be 4 feet north of and parallel to the south property line of said EAST 51ST STREET.

THAT the work and construction of said underground telephone conduits, including the excavation of the streets and the restoration and maintenance of said streets after said underground telephone conduits have been constructed, shall be under the supervision and direction of the City Manager and in accordance with the ordinances and regulations of the City of Austin governing such construction.

The motion, seconded by Councilman White, carried by the following vote:
Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The City Manager showed the location of Water District No. 13, north of F. M. 969 in the Webberville Road area adjoining the City limit line. Two subdivisions in the area have petitioned for annexation, and the developers want water and sewer service from the City, who has been working with the district to see if a portion of their water line which extends along F.M. Road could be acquired. With this acquisition the City could serve customers on both sides of the line as well as those two subdivisions when they are annexed, and give them lower water rates. The fact that land is subject to the Water District tax will be noted on the subdivision. Councilman Long asked if the line were adequate. The City Manager reported it was adequate for the present time. Councilman LaRue inquired about the number of customers. It was reported there would be only three from the Water District, but there are about 70 lots in the subdivisions. The City Manager explained the money paid for the line would be used for principal payments on the bonded indebtedness of the district. Councilman White offered the following resolution and moved its adoption:

(RESOLUTION)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That W. T. Williams, Jr., City Manager, be and he is hereby authorized and directed to enter into a contract on behalf of the City of Austin with Travis County Water Control and Improvement District No. 13 to purchase the property described below for the purpose of providing an addition to and extension of the water system of the City of Austin, and to pay to the American National Bank of Austin the sum of \$20,587.61 to be expended exclusively and solely for the purpose of retiring principal of the presently outstanding bonded debt of said District No. 13, to-wit:

All that certain 3,100 feet of 12" cast iron water main, fittings, valves, equipment, meters, services, and all easements, right-of-way and other interests in land upon which said water line and equipment is located; said 3,100 feet of water line and appurtenances being all that portion of the water system of said Water District lying and being situated west of a point 3,100 feet east of the west line of Springdale Road, in, along, and parallel to Farm Road No. 969 (East 19th Street), all of said property being located in Travis County, Texas.

The motion, seconded by Councilman Shanks, carried by the following vote:
 Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
 Noes: None

Councilman Long inquired as to the developers of this property. It was stated Stonegate Subdivision is being developed by Nash Phillips, and Hill and Dale is being developed by Hal Starkley.

Mayor Palmer announced a public hearing was set for 2:30 P.M., and the Council would be glad to hear from the representatives of Southern Union Gas Company.

MR. FRANKLIN DENIUS, Attorney, stated the purpose of their original application in July was to ask the Council for permission to pass onto the Austin gas users the 3.026 cent increase in the cost of gas which Southern Union was now buying from United Gas Pipe Line Company. He pointed out there was no relationship between United and Southern Union and they were two separate companies. He reviewed Southern Union's taking bids for a new supplier of gas beginning in 1967, and its entering into a contract with Coastal States for a 20 year contract, and Southern Union's obtaining approval of the City Council, which was necessary. In September, 1963, United gave notice to Southern Union that the price that Southern Union was paying to United of 17¢ was inadequate and United felt the gate rate price of 34¢ would be in line with what the average Texas city was paying, which would be in a range of 28¢ to 35¢. He reviewed the arbitration proceedings, and the award of 19.5¢ for gas, but the pressure was changed from 14.9 to 14.65 psia. Southern Union was pleased with this decision of this small increase. With the pressure differential from 14.9 and 14.65 and add that to the 2½¢ increase, plus the State gross receipts taxes which amounts to 1.197%, plus the City's 2% gross receipts, the figure is 3.026 cents. Southern Union receives no benefit whatsoever from this increase, and no money will be retained by it. Ninety percent goes to United; 5% to the State and 5% to the City. Southern Union had absorbed the increase which has been in effect since October 25, 1963, but the requested adjustment is not retro active. Councilman White asked what would this increase amount to for each customer a month. Mr. Denius replied for the average user, it would be about 19¢ a month, the average monthly bill being around \$5.60. This would be an across the board increase and would go to all customers. Mr. Denius stated the Company had a rate increase in 1955 and one in 1962, and those were the only two since the 1930's, although there were some adjustments made.

He said the Company was prepared to put on specific testimony and information for the City officials. MR. DAVID L. NICOL, JR., Engineer of Southern Union Gas Company, from the home office in Dallas, was sworn in by the City Attorney. Mr. Denius filed the following Exhibits with the Council:

- Exhibit A - Additional Revenue Required to Offset
Increase in Purchased Gas Costs
- Exhibit B - Net Decrease in Earnings Resulting from
Reduced Revenue on City Power Plant Sales
and from Reduced Expenses from change in
Federal Income Tax Rates Based on 1965
Conditions
- Exhibit C - Return at Present Rates Adjusted for Known
Changes Year Ended December 31, 1963
- Exhibit D - Fair Value Rate Base at December 31, 1963
- Exhibit E - Return at Proposed Rate Based on Year Ended
December 31, 1963
- Exhibit F - SCHEDULE NO. 1 - Proposed Rate, General Service Rate
- Exhibit G - SCHEDULE NO. 2 - Proposed Rate, Large Volume Service
Rate

(Exhibits on file in City Clerk's Office under - SOUTHERN UNION GAS
COMPANY - Rates)

Councilman LaRue questioned the three different figures of rate of return - 4.83%, 5.00% and 5.83%. Mr. Nicol referred to the various exhibits for explanation, stating that 5% represents what is being earned now before any change in the rates. Councilman LaRue stated that 5% was brought about due to the Company's absorbing the increase since October 25, 1963. Mr. Denius and Mr. Nicol presented data information which was listed on all of the exhibits, and discussed them in detail.

Councilman Long inquired as to the difference in price purchased for the Power Plant and that purchased for the general consumers. Mr. Nicol explained (1) the general consumers used gas only four months a year, yet the pipe line had to be adequate and maintained for the volume year around; (2) the residential customers have first priority on gas should there be an interrupted service; and (3) large volumes are always purchased at less than small retail amounts. Mr. Denius pointed out, Austin has a lower price than most other cities. Councilman Long said what other cities paid had nothing to do with Austin's gas rates; and that the Gas Company made a 6.2% profit on its investment and that was very good. Mr. Denius pointed out the date the rate is set, the rate of return starts declining.

Discussed was the rate increase in 1962 based on 23% increase in labor costs and 50% increase in supplies. Included in the discussion was the transportation of Coastal State's gas to the Power Plant through Southern Union's line at a cost of .3 of a cent paid by Coastal States to Southern Union and shown as a revenue in this schedule. Mr. Grenier stated the main objective of preparing Exhibit B was to show that when they had these increases in expenses on the residential service gas side, they could not make that up and apply it to the income tax savings that they would get in 1964 and 1965, because there is nothing left over after considering what had already happened on the Power Plant Gas side. This sheet was prepared to show they could not recoup the loss out of this other source. Councilman Long inquired as to their big users besides Austin. Mr.

Crowley named the University of Texas. Mayor Palmer summarized the decrease in earnings, as when they applied the loss of sale of gas to the Power Plant and applied the effect of the savings of their income tax, they came out with a net decrease in earnings of \$6,211.

Exhibit C was reviewed, listing again the Power Plant loss, the change in income tax, some adjustments due to weather, and an increase from one of the large customers whose rates were increased, all of which were included as additional revenue. Mr. Denius stated in 1962 the Company received a rate that would produce a 6.21% return. The 6.21% return would decline to a 4.83% return if Southern Union absorbed the 3.026¢ in the cost of gas to Austin. Mr. Nicol stated this was also the effect of increase in their investment and other expense. Mr. Denius said the 6.21% because of the increase alone, would force a decline to 5%. Councilman Shanks asked if the difference between the 6.21% and 5.83% was due to increased expenses. Mr. Denius stated if the Council did not permit the increase of 3.026¢, the earnings on their return would be 5.00%. Councilman Long discussed Exhibit C in great detail with Mr. Nicol and Mr. Denius. The various taxes were listed-- Franchise, Gross Receipts, State Gross Receipts, Social Security, and unemployment taxes. Councilman Long inquired as to the formula used in proportioning that cost out in Austin. Mr. Nicol said he believed it was apportioned on the basis of ratio of the plant in Austin as to the plants in the other towns serving the State of Texas. The weighted factor comes out to be about 12%. These figures include 12% approximately, of the cost of management as a whole. Councilman Long said the return on the rate base should be developed out to arrive at this figure, as it is skimpily done on Exhibit D. Mr. Nicol said he would be glad to do that. Exhibit D was a summary of all the work he had done in making the valuation. He explained he had followed what the Court decision was in Alvin, explaining the last decision of the Supreme Court came up with a rough formula saying if the original cost were determined and what it would cost to build that property today and deduct from those figures the percentage for condition today and the amount of depreciation charged off and average those figures together. Exhibit D is a summary of going through that for each of these types of equipment listed on this page. Councilman Long was not sure about agreeing with the "reproduction costs-new" theory, as it always came out to the best interest of the utility. The City Attorney explained he would not be in agreement with either statement, if they were talking about the Alvin case; as they recognized something between the cost and reproduction cost new, but not necessarily either one. Councilman Long asked what kind of dividends Southern Union payed. Mr. Grenier gave the amounts on both preferred stock and common stock, stating on the basis of prices sold on the market, it was up three percent. Councilman Long asked if it were above or less than what it had been selling for. Mr. Grenier answered it was selling somewhat higher than it had been previously. Councilman Long asked if this were so despite the company had lost the Power Plant. Mr. Grenier explained Austin represented about 5% or 7% of the total business of the Company. Councilman Long asked if it represented only about 5-7% of the total, why did Austin have to pay 12% of the administrative costs. Mr. Grenier stated the two figures would be about the same--the 5-7% was not a definite figure, but the figure is rather a small portion of the total.

Discussion was held on the value of the property stating the net increase from 1961 to 1963 was \$1,580,000. At the end of 1961, the property was \$11,800,000 on which the rate base was determined. It is now \$13,459,000. The new property additions from 1961 to 1963 were \$2,400,000 about \$900,000 more increase in investment than in the rate base. The investment is $2\frac{1}{2}$ million dollars, and the rate base was about $1\frac{1}{2}$ million.

Exhibits "F" and "G" showing the present rate plus 3.026¢ increase in price to the largest customers and the smallest customers to which no change in the minimum charge of \$1.45 were reviewed. Mayor Palmer stated he as one Council Member was going to knock the .026¢ off as it would be hard for people to figure their bills.

Councilman LaRue stated it looked as though they had reached the point of diminishing return. It appears they make less on the customers that would be served beginning tomorrow than those that were being served day before yesterday. When the rate was granted giving the Company a 6.2% on their investment the return started diminishing the next day. He said he could not understand the fixed cost of operation did not increase the next day. His assumption was that the Company would make more on the next 100 customers than the previous hundred customers. Mr. Nicol explained, per 100 customers, no increase in employees or rates would be necessary, but property would have to be added, which would mean more taxes, etc. Councilman LaRue, Mr. Nicol and Mr. Denius discussed these costs and costs of adding customers.

Councilman Long inquired if the Gas Company charged the subdividers for extending their lines into the subdivisions. MR. DAN CROWLEY explained their policy about extending the lines and refunds to the customer if enough customers were connected on the line--10%, 50% or 80%. The Company allows 150' per customer. Councilman Long inquired how they figured the amount of income to be expected from those poor people who get their service cut off and are charged \$5.00 for reconnection plus \$5.00 for not being a good customer. Mr. Grenier stated it was on experience of total number of customers, and that the future would be the same proportion that it had been in the past. Those revenues are counted in the Schedule. Councilman Long asked if it were legal to charge one person a fee for connection plus a deposit, when all customers are not charged a deposit. Mr. Grenier stated there would have to be a reasonable basis. Mr. Grenier explained a very poor person may establish himself as a good payer of the utility bills and would not have to have a deposit; sometimes a well to do person, may be careless about his bills and may have to make a deposit. Councilman Long noted perhaps a construction worker would be out of work and would not have the money to pay his bills, and would get cut off; then he would have to pay to get back on. Mr. Grenier noted the money had to come from somewhere to run the business. If it does not come from those people, it has to be taken from everybody else. Would it be better for everyone to subsidize those people, or best for them to stand on their own feet. Councilman Long stated up until 1962 the Company had an excellent plan, it was fair and did not penalize the people least able to pay. When they kept the \$5.00 deposit and paid a little interest to some people, it was the only savings they had in the world. This deposit was taken off. She said if that would help some person down the line who was sick and hungry during the winter and got their gas cut off, she would not have minded. Mr. Grenier stated in hardship cases the Company goes along with those who are really unable to pay, but there is some basis in believing they can go along. Mr. Denius stated the Company was not trying to cut the people off to get the extra \$5.00 connection charge. MR. DAN CROWLEY stated they went along with these people month after month.

Councilman Long read an article, "the area wide rate reduction announced in July by Central Power and Light Company will save about \$607,000 to Corpus Christi electric users, the City Council was advised yesterday. The Company came

in asked the City Council of Corpus Christi to cut their rates. Reduction in the Corpus Christi rates is part of a \$2 $\frac{1}{2}$ million reduction being made in the South Texas area served by C.P. & L. It was made possible mainly by reduction in Federal Taxes to the Company." If the gas were going up, they would say it was to absorb that tax reduction. Mr. Denius said they told the City Council in 1962 when the Council took the contract with Coastal States, in writing and is in the record, that even though they hated to lose the bid they thought the Council was taking the best bid.

MR. DENIUS submitted a rate ordinance which showed the increase which they proposed. The Mayor said if the Council permitted the additional cost of gas it would much prefer to round it out to three cents rather than to carry it out to those decimals as it would be easier for the public to figure their bills. Mr. Grenier stated if that were the feeling of the Council, he could state for the Company that it would not object. Mr. Denius stated this ordinance was the basic form that had been used, and listed the rates that had been increased 3.026 excepting the minimum bill which is the same. Councilman Long stated she would like to see the Company go back to that \$5.00 deposit. Mr. Nicol stated if the figures were rounded off the minimum charge on the large volume rate should go back to \$111.00. Mr. Denius stated this concluded their presentation.

MAYOR PALMER summarized the presentation in that Mr. Grenier agreed to a three cent additional cost of the gas and taxes, and this was all the Council was granting. The Company had been absorbing this ever since October 5. This three cent increase will affect the average customer about 19 cents per month on his bill, and this would still give the Company only 5.83% of the base instead of the full 6%. Mr. Denius said that was correct. The Mayor expressed appreciation to Mr. Nicol for his presentation, and then opened the hearing to the public.

Councilman Shanks moved that MR. AMOS HEROLD be heard. The motion was seconded by Councilman White. Roll call showed a unanimous vote.

MR. HEROLD stated the big problem here was the value of this plant, and the Council was taking the word of the Company. When an increase was granted two years ago, the Council had no advice on that matter. The Mayor stated the Council did have very good advice. Mr. Herold said he believed the gas users felt the provision of the Charter should be carried out and the City obtain the advice of a gas engineer consultant at the expense of the Gas Company.

No one else appeared to be heard.

Councilman Shanks moved that the ordinance granting the recuperation of three cents of this cost--not the total cost be passed through its first reading, and that the City Attorney amend it to the figures the Council agreed upon. The motion was seconded by Councilman White.

The City Attorney reported that the City Manager and he had received calls from time to time and had discussed that when the next rate ordinance was adopted, that a slight modification in connection with the wording be made in that there should not be any opportunity for the City's being charged in permitting discriminations; so rather than the ordinance reading "maximum rates to be charged", it would read "the rates to be charged so that the City would not be

charged with having required or permitted discrimination." Mr. Grenier pointed out a technical problem in that they had a summer air conditioning rate which is somewhat lower than the one which is provided for in the ordinance as a general service rate, and that is made available to anybody who qualifies for it through the use of gas air conditioning in the summer. The City Attorney stated if they had any special circumstances, they would want to bring them back to the Council for further change, or bring them up at this time. Mr. Grenier stated up to now the maximum provision was in the last ordinance, but the City Attorney had suggested that the word "maximum" be taken out, and the ordinance fixes the only rates to be permitted, and this necessitates rate to be in there so that it can be continued. The City Attorney stated this would have permitted the Company to discriminate, and the Council would not want the Company to discriminate. Councilman Long said when there are two different rates for persons using the service charges that is discrimination, and she wanted that put in the Minutes; that she thought it was discrimination. If there is a summer rate and it is for everybody that is different; but where one person is charged one connection rate, and another person a connection rate plus a deposit, that is discrimination.

Mr. Denius suggested making a paragraph a subparagraph "C" and make "C" - Optional Summer Air Conditioning Rate, and show the schedule like it is. The City Attorney stated instead of it being optional it was a summer air conditioning rate but it will automatically apply to any customer.

Councilman Shanks inquired if this would be all the rates that would be charged everybody. Mr. Denius replied except by special contract like the University of Texas, City Power Plant, and Schools. Mr. Grenier referred to a provision which says these specified rates in the rate ordinance shall not apply to gas customers now served under special contract or under other rate schedules specifically applicable to such customers. Mr. Grenier, Mr. Denius, and Mr. Eskew discussed the revision to be made in the ordinance. The Summer Rate from May 1st to October 31st would be as follows:

First	1	MCF	\$1.48
Next	4	MCF	0.85
Next	20	MCF	0.48
Next	25	MCF	0.48
Next	250	MCF	0.48
Excess			0.48

After discussion of the amendment, Councilman Shanks moved that the new gas ordinance reflect a three cent increase, but subject to the approval of the City Manager and City Attorney regarding the insertion of a schedule of summer air conditioning rates and other language affecting the ordinance as agreed to by the City Council. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

Mayor Palmer introduced the following ordinance:

AN ORDINANCE DETERMINING AND FIXING THE RATES TO BE
CHARGED BY SOUTHERN UNION GAS COMPANY WITHIN THE

CORPORATE LIMITS OF THE CITY OF AUSTIN; SETTING THE EFFECTIVE DATE FOR SAID RATES; MAKING IT UNLAWFUL FOR SOUTHERN UNION GAS COMPANY, OR ANY OTHER PERSON, FIRM, CORPORATION, RECEIVER OR LESSEE OPERATING A GAS DISTRIBUTION SYSTEM, OR ENGAGED IN THE BUSINESS OF FURNISHING NATURAL GAS SERVICE IN THE CITY OF AUSTIN, OR ANY OFFICER, AGENT, REPRESENTATIVE OR EMPLOYEE THEREOF TO DEMAND, EXACT OR COLLECT FROM ANY CONSUMER ANY CHARGE FOR NATURAL GAS OTHER THAN THE RATES FIXED HEREIN; PROVIDING PENALTIES FOR THE VIOLATION OF THE PROVISIONS OF THIS ORDINANCE OF NOT MORE THAN \$200.00 FOR EACH OFFENSE; REPEALING ORDINANCE NO. 620614-B PASSED AND APPROVED JUNE 14, 1962; REPEALING ALL OTHER ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH, BUT ONLY INsofar AS THE SAME MAY BE IN CONFLICT; PROVIDING FOR THE ATTESTATION, FILING AND PUBLICATION OF THIS ORDINANCE, AND PROVIDING THAT THE EFFECTIVE DATE SHALL BE TEN DAYS AFTER THE PASSAGE HEREOF.

The ordinance was read the first time and Councilman Shanks moved that the ordinance be passed to its second reading. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Shanks, White, Mayor Palmer
Noes: Councilman Long

Councilman LaRue made the following statement concerning his vote:

"I would like to vote 'aye' with the understanding that this is passing only the cost of the pipe line company to the SOUTHERN UNION GAS COMPANY and there is no increase in revenue to the Southern Union Gas Company."

Councilman Long made the following statement concerning her vote:

"I vote 'no' because I do not think I have enough information. I would like to see a rate expert brought in to evaluate this base rate so that I would know that for sure the company's base rate is fair and equitable and that they are getting a fair return on the investment that they have. This Company, Southern Union, was purchased some 10 or 15 years ago, in 1949; and in that year it doubled its shares. Then we came along for several years and have had absolutely no rate study by the City of Austin since that time. The rate was increased in 1962; at that time the figures of the Company were taken in good faith. I do not question these figures except that I do not know, and I would like to see a rate study made; and for that reason I am voting 'no'."

Mayor Palmer thanked the gentlemen. Mr. Denius stated anytime a representative of the City desired any information of the Company in addition to that which is filed with it, the Company would be glad to furnish them.

Councilman Shanks moved that the Council authorize fogging in the areas as petitioned--Academy Drive in the vicinity of Newning Avenue; Milton Street; and others listed on the petition. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

The City Manager announced that the Counsel in the Anti-trust matter wanted the City Council to meet with Judge Spears Saturday morning at 10:00 A.M. in the Federal Court Building.

The City Manager announced the Texas Municipal Regional 10 Meeting was to be held next Thursday, September 17th, at Granger, Texas.

The Council informally approved the plaque for the Berkman Fire Station as submitted by the City Manager, listing the members of the Council, the City Manager, the Fire Chief, Architect and General Contractor.

The City Manager called attention to the Street Paving Report. Councilman Long inquired about the paving on Trinity Street by the new Federal Building. The City Manager said they were waiting for the heavy construction work to be finished. Discussion was held on extending 9th Street, and the Mayor stated the architects had suggested going under the building.

Councilman Long inquired about the park at Palm School. The City Manager reported the Schools a few years ago thought they were ready to abandon it. A few influx of children in the area has changed their mind; however, ultimately, with residences being farther removed, it would not be useful as a school. He said 2nd Street was planned to be bent at Brush Street and brought under the north bound expressway and over the south bound expressway. The way the plans are laid out, to get a reasonable good curve to the street, it would cut a part of Palm School, and that cannot be developed until the school is abandoned. The City Manager described the plans for 3rd, 4th and 5th Streets. The City Attorney reported on the condemnation suits for East 2nd Street, stating the commissioners had been appointed, but he did not know the date of the hearing.

The City Manager called attention to the filing of the Status of the Water and Sanitary Sewer Projects Report.

The City Attorney gave a report on the Max Silberstein case, stating the Council had asked for a report within 30 days on the repair or demolition of the house at 1407 Canterbury. A contractor has been employed by the Silbersteins to

refurnish the house not only to bring it up to minimum standards but to do additional work to bring it above minimum standards--sheetrock and textone the interior. The Mayor stated if he was acting in good faith and showing due diligence that he should be given an extension of time. The City Attorney had an agreement signed by both Max Silberstein and the son concerning compliance with the minimum housing provision. Councilman Long moved to extend the time to September 28th in order to complete the improvement of the house. The motion, seconded by Councilman LaRue, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Councilman Long brought up a matter having to do with a health situation. There is a little section of property outside the City limits on the east of Montopolis Bridge, and these people from time to time ask about getting water. She had asked the Director of Water Utilities to look into this and bring in some kind of a suggestion. These people haul the water and it is not sanitary. The Director of Water Utilities made a report stating there was a water line in the area. There are 27 houses in the area, and it would take \$15,000 to put water and sewer in there. The main sewer line crosses the river to the Govalle Plant. The nest of houses is on a lane which is not dedicated. There are about 15 houses. This group of houses near the bridge have water. They paid for a line themselves. He said there were some septic tank problems in the area. The Mayor asked the Director of Water Utilities to get all the information together, and the Council would go look at this next week; and see if those people would dedicate that road to proper width.

The City Attorney reported that MR. VERCHER had presented evidence satisfactory to the Legal Department about the purchase price of the property that Mr. Vercher had purchased, and listed the amount he had paid per square foot. He said that the Assistant City Attorney suggested that the City pay Mr. Vercher the same amount for that property for which the City needs the right of way and the City sell Mr. Vercher the City owned property in front of his property at the same price. The City Attorney stated Mr. Vercher would be paying the City \$4,600 more. Councilman Long moved that the City Manager be authorized to draw up the contract with MR. VERCHER for such exchange and purchase of the property with the \$4,600 bonus to the City. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer
Noes: None

Councilman Long offered the following resolution and moved its adoption:

(RESOLUTION)

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That W. T. Williams, Jr., City Manager of the City of Austin, be and he is hereby authorized to execute a deed on behalf of the City of Austin, conveying to Paul H. Vercher and wife, Mattie Jean Vercher, the following described property, to-wit:

11,485 square feet of land same being out of and a part of

Lots 23A and 23B, of a resubdivision of portion of Lots 21, 22 and 23 Fredericksburg Road Acres according to a map or plat of said Fredericksburg Road Acres of record in Book 3, at Page 168 of the Plat Records of Travis County, Texas; a map or plat of said resubdivision of portion of Lots 21, 22 and 23, Fredericksburg Road Acres being of record in Book at Page of the Plat Records of Travis County, Texas; which Lots 23A and 23B were conveyed to the City of Austin, a municipal corporation, by the following three (3) warranty deeds:

(1) Dated June 11, 1957, of record in Volume 1821 at Page 536 of the Deed Records of Travis County, Texas;

(2) Dated June 11, 1957, of record in Volume 1821 at Page 539 of the Deed Records of Travis County, Texas;

(3) Dated December 18, 1957 of record in Volume 1880 at Page 161 of the Deed Records of Travis County, Texas;

Said 11,485 square feet of land being more particularly described by metes and bounds as follows:

BEGINNING at an iron pipe at the northeast corner of said Lot 23A for the northeast corner of the herein described tract of land, which iron pipe is on the west line of West Oltorf Street, and from which iron pipe an iron pipe at the northeast corner of Lot 22A bears N 17° 48' W 73.09 feet;

THENCE, with the said west line of West Oltorf Street, same being the east line of said Lots 23A and 23B, S 17° 48' E, at 74.96 feet passing an iron pipe at the southeast corner of said Lot 23A, in all a distance of 90.99 feet to the southeast corner of the herein described tract of land;

THENCE, S 64° 43' W, at 68.36 feet passing an iron pipe on the west line of said Lot 23B, in all a distance of 118.50 feet to an iron pipe at the southwest corner of the herein described tract of land;

THENCE, N 17° 48' W 104.50 feet to an iron stake at the northwest corner of said Lot 23A for the northwest corner of the herein described tract of land;

THENCE, N 71° 16' E 117.52 feet to the point of beginning.

The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer

Noes: None

There being no further business Councilman Long moved that the Council adjourn. The motion, seconded by Councilman Shanks, carried by the following vote:

Ayes: Councilmen LaRue, Long, Shanks, White, Mayor Palmer

Noes: None

The Council adjourned at 7:00 P.M. subject to the call of the Mayor.

ATTEST:

Eric Hooley
City Clerk

APPROVED *Leota E. Palmer*
Mayor